

IN THE UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF DELAWARE

CHROMADEX, INC. and TRUSTEES	)	
OF DARTMOUTH COLLEGE,	)	
	)	
Plaintiffs,	)	C.A. No. 18-1434-CFC
	)	
v.	)	
	)	
ELYSIUM HEALTH, INC.,	)	
	)	
Defendant.	)	
	)	

**OPPOSITION TO PLAINTIFFS’ MOTION FOR REARGUMENT OR  
RECONSIDERATION OF THE REVISED MEMORANDUM OPINION  
AND ORDERS ISSUED DECEMBER 17, 2020**

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Dated: January 28, 2021

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Transparently attempting a second bite at the apple, Plaintiffs rehash arguments this Court already rejected in its December 17, 2020 memorandum opinion (the “December Opinion”, D.I. 141). Plaintiffs cannot justify reargument under Local Rule 7.1.5 by inserting litigation-inspired recitals into a retroactive “amendment” they signed the same day they filed their motion for reargument.

Plaintiffs’ motion makes no serious effort to meet the stringent standard for reargument under Local Rule 7.1.5. Plaintiffs cite to no intervening change in law. Nor have they discovered previously unavailable evidence; newly *manufactured* evidence is not the same as newly *discovered* evidence. Plaintiffs fall far short of the showing required for reargument under the local rules.

At heart, ChromaDex’s latest license amendment with Dartmouth is a futile attempt to cure standing retroactively. Under established Federal Circuit law, standing cannot be conferred by a *nunc pro tunc* agreement purporting retroactively to grant a licensee exclusive rights. The amendment also suffers defects that this Court previously found destroyed standing: by the terms of the license agreement as amended, patentee Dartmouth still grants both ChromaDex and Healthspan the right to sublicense Dartmouth’s patents. Under these circumstances, ChromaDex does not have standing to sue third parties for patent infringement even going forward.

Finally, Plaintiffs cite Healthspan's plan to dissolve. This is not grounds for reargument and, in any case, is irrelevant. Standing must exist when the action is commenced. Dissolution of Healthspan in 2021 cannot confer standing on ChromaDex to sue for patent infringement as of September 2018.

## **I. ARGUMENT**

### **A. Plaintiffs Fail to Satisfy the Stringent Standard for Reargument**

Plaintiffs' motion falls far short of the stringent showing required for relief under Local Rule 7.1.5. *See ButaMax Advanced Biofuels LLC v. Gevo, Inc.*, 2015 U.S. Dist. LEXIS 109557, \*3 (D. Del. Aug. 18, 2015) ("The standard for obtaining relief... is difficult to meet."). As the first sentence of Rule 7.1.5 cautions, "[m]otions for reargument shall be sparingly granted." Local Rule 7.1.5. As this Court has explained, "a motion for reconsideration is not properly grounded on a request that a court rethink a decision already made." *E.g. Drumgo v. Kuschel*, 2019 U.S. Dist. LEXIS 79698 (D. Del. May 10, 2019) (Connolly, J.).

Plaintiffs do not argue that there has been an intervening change in controlling law. Indeed, every case cited in their brief antedates the Court's December Opinion. Instead, they falsely assert that "new factual matters *not previously obtainable have been discovered* since the issue was submitted to the Court." Mem. at 2 (emphasis added). Plaintiffs do not identify any newly discovered evidence of which they were unaware when they filed their opposition

to Elysium’s standing motion in May 2020 or when they argued the motion in September 2020. Instead, they are referring to evidence they *created* on December 29, 2020—two weeks after the Court ruled—in the form of a purported retroactive “amendment” to the license agreement on which the Court based its decision. The evident purpose of the amendment was to repackage the same arguments this Court had already rejected: that, as sister corporations, neither Healthspan nor ChromaDex “would have” sublicensed the asserted patents without the other’s consent.

**B. Standing Cannot be Conferred by a Retroactive Agreement**

Not only is Plaintiffs’ attempted reargument procedurally improper, it fails as a matter of law. The Federal Circuit has long held that “nunc pro tunc” agreements “are not sufficient to confer retroactive standing.” *Enzo APA & Son, Inc. v. Geapag A.G.*, 134 F.3d 1090, 1093 (Fed. Cir. 1998). *See also Alps South, LLC v. Ohio Willow Wood Co.*, 787 F.3d 1379, 1384-85 (Fed. Cir. 2015) (same); *Intellectual Ventures I LLC v. AT&T Mobility, LLC*, 203 F. Supp. 3d 436, 445 (D. Del. 2016) (nunc pro tunc agreements “are not sufficient to confer retroactive standing”). As the Federal Circuit explained in *Enzo*:

Permitting non-owners and licensees the right to sue, so long as they eventually obtain the rights they seek to have redressed, would enmesh the judiciary in abstract disputes, risk multiple litigation, and provide incentives for parties to obtain assignment in order to expand their arsenal and the scope of litigation. Inevitably, delay and expense would be the order of the day.

*Enzo*, 134 F.3d at 1093. See also *Afros S.P.A. v. Krauss-Maffei Corp.*, 671 F. Supp. 1402, 1445-46 (D. Del. 1987) (“The law clearly cannot permit a plaintiff to *nunc pro tunc* a cause of action if the rule that only patent owners and assignees may sue for infringement is to have any meaning....”).<sup>1</sup> Plaintiffs’ motion for reargument—burdening the Court with addressing standing for a second time—shows the wisdom of this decades-old rule. If ChromaDex did not have standing when it brought suit, as this Court definitively ruled, then ChromaDex’s post-decision, retroactive amendment cannot supply the standing the Court found lacking.

Plaintiffs argue that standing can be conferred retroactively when a later agreement “reflects the parties’ intent with respect to a prior patent license.” Mem. at 8-9. The cases they cite, *Schwendimann v. Arkwright Advanced Coating, Inc.*, 959 F.3d 1065 (Fed. Cir. 2020) and *IpVenture, Inc. v. Prostar Computer, Inc.*, 503 F.3d 1324 (Fed. Cir. 2007) hold nothing of the sort and are readily distinguishable.

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<sup>1</sup> Plaintiffs attempt to distinguish cases like *Alps South* and *Enzo* on the ground that in those cases the plaintiffs did not have standing initially. Mem. at 9. But nowhere does the Federal Circuit say that its proscription against retroactively conferring standing is limited to that circumstance. In any event, the effect of the Restated Agreement the Court considered *was* to deprive ChromaDex of initial standing. By its terms, that agreement grants Healthspan sublicensing rights effective as of March 13, 2017. Plaintiffs’ September 2018 complaint postdates March 13, 2017 by eighteen months.



In *Schwendimann*, before suit was filed, a prior patent owner agreed to assign the patents to the plaintiff in satisfaction of debt. 959 F.3d at 1068-69. However, in preparing paperwork for filing the assignment with the patent office in 2003, the plaintiff's patent lawyer mistakenly referred to the wrong patent application in the assignment document. *Id.* The error was discovered in 2011, after filing the complaint, whereupon the plaintiff and the prior owner executed a retroactive assignment to cure it. *Id.*

The Federal Circuit affirmed the district court's finding that the plaintiff had standing. The court reasoned that even before the lawyer's error "[t]here was a valid agreement" that granted legal title to the patent notwithstanding the lawyer's drafting error. *Id.* at 1073. In addition, the court held, under the applicable Minnesota law, that where a written contract does not accurately reflect the parties' intentions, such as in the case of a mutual mistake, "a court may reform the contract to reflect the parties' intentions." *Id.* at 1072-73. Because clearly there had been a drafting error that did not reflect the parties' agreement, the district court properly reformed the contract. *Id.* at 1074. In that case, it was the validity and enforceability of the parties' original agreement as reformed that was determinative, not their post-suit execution of a retroactive amendment.

Here, by contrast, Plaintiffs do not argue that the sublicensing rights Dartmouth granted to Healthspan in the Restated Agreement were included by

mistake, and they do not seek reformation. On the contrary, they tell this Court that there was “no need for a further amendment to the Restated Agreement.” Mem. at 7.<sup>2</sup> That is the opposite of *Schwendimann*’s facts.

Plaintiffs’ reliance on *IpVenture* is also misplaced. *IpVenture* addresses what is now known as the “*Stanford v. Roche*” issue, where a present assignment (“I hereby assign”) transfers title to a patent, but an “agreement to assign” (“I agree to assign”) does not. 503 F.3d at 1327. See *Bd. of Trs. of Stanford Univ. v. Roche Molecular Sys.*, 583 F.3d 832, 841-42 (Fed. Cir. 2009) *aff’d*, 563 U.S. 776 (2011). In *IpVenture*, the inventor in a 1992 employment agreement “agree[d]... to assign” an invention to Hewlett-Packard. *Id.* at 1326-27. In 2005, after *IpVenture* sued on the patent, *IpVenture* and HP entered an agreement confirming that HP never obtained a present assignment from the inventor. *Id.* The Federal Circuit held that this was competent evidence that no present assignment had occurred. *IpVenture* stands for the unremarkable proposition that an agreement to assign is not a present assignment, and subsequent evidence (even post-litigation evidence) can confirm that an agreement to assign never matured into a present assignment. 503 F.3d at

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<sup>2</sup> Plaintiffs have now twice amended their license agreement, both in 2019 and 2020. In the earlier briefing, Plaintiffs told the Court that the 2019 amendment was made retroactively to reflect their original intent. Now, with a straight face, they tell the Court that actually it is the 2020 retroactive amendment that does that. Plaintiffs’ seriatim attempts to restate their original intent for the purpose of solving their latest litigation need strain credulity.

1327. *IpVenture* has nothing to do with retroactively granting rights to confer standing.

This Court correctly held that the Restated License Agreement did not confer standing on ChromaDex or Healthspan to sue for patent infringement. Under Federal Circuit law, Plaintiffs' December 29, 2020 amendment of the license to further revise its sublicensing terms cannot give ChromaDex or Healthspan retroactive standing to have sued Elysium in September 2018.

**C. Healthspan and ChromaDex Still Lack Standing Under the December 29, 2020 Amendment**

Even if Plaintiffs had satisfied Local Rule 7.1.5, and even if standing could be conferred retroactively, the amendment still does not convey exclusionary rights on either ChromaDex or Healthspan.

Plaintiffs' motion loses sight of the key question under standing law: whether the plaintiff licensee has received the *patentee's promise* that others shall be excluded from practicing the patented invention in the relevant territory. *Rite-Hite Corp. v. Kelley Co., Inc.*, 56 F.3d 1538, 1552 (Fed. Cir. 1995) (en banc). Under the terms of the December 2020 amendment, Dartmouth made no such promise; on the contrary, it affirmatively granted each of ChromaDex and Healthspan the right to grant sublicenses. Amendment at § 2.02(a) (both "Company [i.e. ChromaDex] and its Affiliates [i.e. Healthspan] shall have the right to grant sublicenses to third parties.").

When they amended the license on December 29, Dartmouth and ChromaDex also added Section 2.02(b), stating that (i) ChromaDex shall not grant sublicenses without “the prior written consent of” Healthspan; and (ii) Healthspan shall not grant sublicenses without “the prior written consent of” ChromaDex. *Id.* at § 2.02(b). By agreeing to this provision, however, Dartmouth only reaffirmed that each has the power to grant sublicenses, and that Dartmouth is indifferent to which of them exercises this power. Plaintiffs’ standing argument overlooks that, even with the addition of Section 2.02(b), Healthspan still has the right to grant a license to Elysium and ChromaDex still has the right to grant a license to Elysium. If either one has the right to grant a license, it cannot be said that either one received Dartmouth’s promise of exclusionary rights.<sup>3</sup>

Furthermore, just because a right is conditioned on the occurrence of another event does not mean that the right is nonexistent or illusory. It just means it is contingent. Under governing New York law, Section 2.02(b) of the amended license does not give either ChromaDex or Healthspan unlimited discretion to

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<sup>3</sup> In footnote 2, Plaintiffs note that exclusionary rights can be held jointly by two or more co-owners of a patent. But co-owner standing is entirely different from exclusive licensee standing. Patent owners always have constitutional standing. By contrast, non-exclusive licensees that lack the right to exclude cannot collectively band together to convert their rights into an exclusive right. *See Rite-Hite Corp.*, 56 F.3d at 1552-54 (nonexclusive ISOs lacked standing even when they sued defendant collectively).

withhold consent to a proposed sublicense. It is black letter law that all contracts are subject to an implied covenant of good faith and fair dealing. “Where the contract contemplates the exercise of discretion, this pledge includes a promise not to act arbitrarily or irrationally in exercising that discretion.” *Dalton v. Educ. Testing Serv.*, 87 N.Y. 2d 384, 979-80 (1995).<sup>4</sup>

So, too, here, although Section 2.02(b) gives ChromaDex an ostensible right to deny Healthspan’s invocation of its right to sublicense, that discretion is not unfettered. ChromaDex and Healthspan are separate entities, and if Healthspan and Elysium reached agreement on economic terms highly favorable to Healthspan (for example a royalty far exceeding a reasonable royalty), ChromaDex could not, without violating its implied covenant, refuse its consent. ChromaDex, therefore, does not possess exclusionary rights.

**D. Healthspan’s Planned Dissolution is Irrelevant**

Finally, Plaintiffs state that “Healthspan will soon be dissolved.” Mem. at 10. In filing their motion for reargument, Plaintiffs submitted no evidence of Healthspan’s actual, as opposed to hypothetical, dissolution, and certainly there

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<sup>4</sup> For example, a tenant cannot arbitrarily exercise its contractual ability to withhold consent to a relocation site proposed by a landlord. *1-10 Indus Assocs., LLC v. Trim Corp. of Am.*, 747 N.Y.S. 2d 29 (N.Y. App. Div. 2002). Similarly, a client cannot attempt to deprive contingent-fee counsel of a fee by refusing in bad faith to accept a settlement offer. *Dweck Law Firm L.L.P v. Mann*, 340 F. Supp. 2d 353, 358-59 (S.D.N.Y. 2004).

was no evidence of Healthspan’s dissolution at the time that Elysium presented its motion to dismiss.<sup>5</sup> This is not “newly discovered evidence” warranting reargument of an order entered last December.

In any case, Healthspan’s dissolution sometime in 2021 would be irrelevant to ChromaDex’s standing to sue Elysium for patent infringement in September 2018. As the Supreme Court explained in *Lujan v. Defenders of Wildlife*, it is a “longstanding rule that jurisdiction is to be assessed under the facts existing when the complaint is filed.” 504 U.S. 555, 569, n. 4 (1992) (“[A] plaintiff cannot retroactively create jurisdiction based on postcomplaint litigation conduct”).

This Court found that ChromaDex lacked standing after March 13, 2017.<sup>6</sup> Plaintiffs cannot create standing retroactively as of September 2018 by dissolving Healthspan in 2021.

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<sup>5</sup> Less than 24 hours before this brief was due, Plaintiffs filed a purported “Notice of Non-Party Dissolution.” D.I. 159. This untimely attempt to supplement the record should not be permitted. See Local Rule 7.1.5 (motion must be filed within 14 days of decision, reply briefs are not authorized, and the Court must base its ruling on only the motion and answer).

<sup>6</sup> Plaintiffs assert that ChromaDex has standing to assert infringement by Elysium for acts prior to March 13, 2017, suggesting that the issue is not whether ChromaDex had standing, but merely the time period for which it may seek relief. Plaintiffs’ statement is highly misleading. ChromaDex has not contended that Elysium engaged in *any* allegedly infringing acts prior to March 13, 2017, a period during which, as ChromaDex well knows, Elysium was still selling NR supplied to it by ChromaDex. ChromaDex’s suggestion that it has standing to pursue an infringement claim against Elysium covering the period before March 13, 2017 lacks any good faith basis under Rule 11.

## II. CONCLUSION

For the foregoing reasons, the Court should deny Plaintiffs' motion for reargument.

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**CERTIFICATE OF COMPLIANCE**

This brief complies with the type, font and word limitations set forth in this Court's Standing Order Regarding Briefing in All Cases, dated November 6, 2019. This brief contains 2492 words (excluding the title page, table of contents, table of authorities, signature block, and certificate of compliance). This brief has been prepared in 14-point Times New Roman.

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